

SENATE BILL 30 of the First Extraordinary Session  
By Rochelle

AN ACT to amend Tennessee Code Annotated, Title 67, relative to  
taxation of business organizations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-804(a), is amended by adding  
the following as a new, appropriately designated subdivision:

( ) "Pass-Through Entity", for purposes of this part and part 9, shall mean a  
partnership, limited liability company or any other entity which is not subject to tax  
pursuant to this part.

SECTION 2. Tennessee Code Annotated, Section 67-4-804(a)(7), is amended by  
deleting the subdivision from the beginning of the subdivision through the end of subitem (B)  
and by substituting instead the following:

(7) "Doing business in Tennessee" or "doing business within this state" means  
any activity purposefully engaged in, within Tennessee, by any business entity named in  
§§ 67-4-806 and 67-4-903, with the object of gain, benefit, or advantage, consistent with  
the intent of the general assembly to subject such entities to the Tennessee franchise,  
excise tax to the extent permitted by the United States Constitution and the Constitution  
of the state of Tennessee. A business entity shall be considered to be "doing business  
in Tennessee" or "doing business within this state" for purposes of this part and part 9 of  
this chapter if it owns an ownership interest in a pass-through entity which is doing

business in Tennessee; provided, that any such business entity shall not be considered to be "doing business in Tennessee" or "doing business within this state" for purposes of this part and part 9 of this chapter solely because of any one (1) of the following activities:

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 4, Part 8, is amended by adding the following as an appropriately designated new section:

Section 67-4-8\_\_.

Pass-Through Entities - Apportionment. For purposes of this part and part 9, any pass-through entity in which a taxable entity has an interest in profits or capital shall be disregarded as a separate entity. The tax attributes of a disregarded entity shall, for purposes of this part and part 9, be attributed to each owner of such entity to the extent of the owner's ownership interest in such entity.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.